

Board of Community Health
Meeting
August 22, 2013

Members Present

Norman Boyd
Jamie Pennington
William Wallace
Mimi Collins
Clay Cox
Donna Moses
Kiera von Besser

Members Absent

Jack Chapman
Rick Jackson

The Board of Community Health held its regularly scheduled meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner Clyde L. Reese, III was also present. (An agenda and a List of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Norm Boyd presided and called the meeting to order at 10:35 a.m.

Minutes

The Minutes of the August 8, 2013 meeting were UNANIMOUSLY APPROVED.

Commissioner's Report

Commissioner Reese announced to the Board the creation of two legislative committees that would be working with DCH to improve efficiency and healthcare outcomes. A Joint Medicaid Reform Study Committee will be looking at Medicaid trends and costs. The first meeting of this committee will be August 28, 2013 from 10:00am-12:00 noon in Room 606 CLOB and is open to the public. The second committee created by the passage of SB 62 is standing committee named, Federal and State Funded Health Care Financing Program Overview Committee. Commissioner Reese urged the Policy Committee to work with this committee to collaborate efforts between the legislature and DCH.

The Commissioner offered an update on the State Health Benefit Plan Procurement outcome. He stated that Blue Cross/ Blue Shield were awarded the Healthcare portion

and Express Scripts was awarded the pharmacy portion of the contract. A company that was not awarded a contract with DCH has launched a protest. However the legal system has given the go-ahead for contracts awarded. The department has released an additional proposal for an HMO provider in the Atlanta area. The proposal is due on August 28, 2013 and if awarded, will synchronize with dates for Open Enrollment.

Chairman Boyd recognized Tim Connell, Chief Financial Officer to present the FY 2014 Amended Budget and FY2015 Budget proposal from the Department of Community Health.

Tim Connell, Chief Financial Officer Presented FY 2013 Budget Highlights. Mr. Connell stated that 96.4% of all of the department's State funds in FY13 were expended directly on behalf of beneficiaries. DCH also has two attached agencies for administrative purposes. He further stated that one in four Georgians are direct beneficiaries of one of the following DCH programs: Medicaid, Aged, Blind and Disabled, Low-Income Medicaid, Peachcare for Kids® or the State Health Benefit Plan. Furthermore, approximately 50% of all of Georgia's children have access to health insurance through either Medicaid, Peachcare for Kids® or the State Health Benefit Plan. All DCH programs ended fiscal year 2013 with a positive fund balance. The department had year-end state funds cash balance in excess of \$100 million, which reflects approximately 3.4% of total state funds, which will be returned to the state treasury. The majority of the savings (\$81 million) occurred in the Aged, Blind and Disabled Program due to a combination of slower growth in the number of new members, plus moderation in the utilization of services by the members. The State Health Benefit Plan also ended the year with a cash balance of \$227,239,429.

Mr. Connell offered a synopsis of the FY 2014 Budget by stating that the 2014 budget implements a policy eliminating hospital reimbursements for preventable admissions. In addition, the budget eliminates reimbursement for elective births prior to the 39th gestational week. He stated that funds were being added for twenty additional Independent Care Waiver Slots. Funds are also allotted for the implementation of the Affordable Care Act which necessitates moving children age six to eighteen with a federal poverty level of 100-138% from Peachcare for Kids® to Medicaid, beginning January 1, 2014. The FY 2014 budget funds \$223.9 million of expected growth in Aged, Blind and Disabled, Low-Income Medicaid and Peachcare for Kids® programs.

Mr. Connell stated that each year the Governor's Office of Planning and Budget informs agencies on how to structure their budget requests and includes fiscal guidelines. For the first time in six years the budget instruction issued by OPB did NOT include budget cuts for the agency. As the Affordable Care Act is implemented there will be many changes that impact the DCH budget, such as: a requirement to move all Medicaid reviews to 12 months, a primary care provider rate increase, citizens who are eligible

but not currently enrolled in Medicaid or Peachcare for Kids® , administrative increase in the Medicaid Management Information System, moving Foster Care/Adoption Assistance and Juvenile Justice members to managed care, resolving outstanding debts to Care Management Organizations, implementing supplemental drug rebates on CMO claims, administrative funds required for Pharmacy and Dentistry Boards and updated projections. The Department is requesting \$75,283,191 in the Amended FY14 budget to assist with these costs. The State Health Benefit Plan will include audits being conducted in 423 schools, libraries and other participants to ensure all funds owed to SHBP have been remitted and will also reflect the first year of a two year plan to bring Library Per Member Per Month costs in parity with teachers. The projected Reserve Fund Balance for SHBP at the end of FY2014 will rise to \$367,108,376.

Mr. Connell explained that in addition to the costs associated with implementing the Affordable Care Act mentioned in the FY 2014 Amended Budget, the department would be facing additional funding increases in the FY 2015 Budget. The Affordable Care Act requires a funding mechanism which is a new federal tax on all Managed Care Companies including those that provide Medicaid services. The new tax will increase capitation rates paid to the CMOS participating in the Georgia Families program and the new Foster Care/Adoption Assistance managed care program and are due annually in September. The Public Assistance Reporting Information System (PARIS) will begin to identify Medicaid members who may be eligible for other types of benefits, such as Veterans Affairs which will save the department additional funds. Another cost savings to the department will be reflected by updating supplemental drug rebates to include CMO claims. In the FY 2014 budget, over \$6M was cut from the DCH budget for additional hospital cost settlement collections for fiscal years 2011 and 20Y12. The department will be requesting that \$5M of those funds be reinstated for FY 15 so that the fund base is correct. FY 2015 will be the last year of the three year plan in SHBP to increase the non-certified positions Per Member Per Month employer contribution. SHBP is projecting the Reserve Fund Balance at the end of FY2015 will rise to \$455,044,356. Mr. Connell answered questions from the Board members pertaining to the budget proposal.

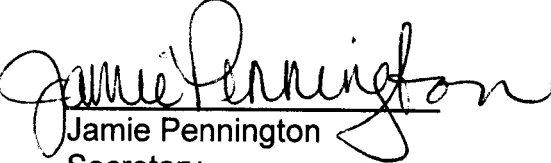
Ms. Pennington MADE a MOTION to approve the Amended FY 2014 and FY 2015 Budget recommendations as proposed by the department. Ms. Von Besser SECONDED the MOTION. ON THE MOTION, the yeas were 7, nays 0, and the MOTION was UNANIMOUSLY APPROVED. (A copy of the Amended FY 2014 and FY 2015 Budget Proposal is attached hereto and made an official part of these minutes as Attachment #3)

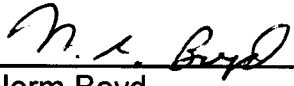
Commissioner Reese acknowledged Mr. Connell and the finance team for the work and effort that has gone into developing the budget proposal.

Adjournment

There being no further business to be brought before the board, Chairman Boyd adjourned the meeting at 11:20 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE 12th DAY OF September, 2013.


Jamie Pennington
Secretary


Norm Boyd
Chairman

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 FY 2014 Amended Budget and FY 2015 Budget Proposal